

**Washington State Auditor's Office**  
**Audit Report**

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**Aberdeen School District**  
**Grays Harbor County**

**Audit Period**  
**September 1, 2000 through August 31, 2001**

**Report No. 63518**

Issue Date  
**July 26, 2002**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_  
Brian Sonntag

# **Audit Summary**

## **Aberdeen School District Grays Harbor County September 1, 2000 through August 31, 2001**

### ***ABOUT THE AUDIT***

This report contains the results of our independent audit of the Aberdeen School District for the period of September 1, 2000, through August 31, 2001.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated the internal controls established by District management. Our audit work focused on areas with a potential risk for abuse or misuse of public resources.

A special focus of our audit was on the District's compliance with reporting requirements of two major areas of state funding – student enrollment and teachers' experience and education (staff mix).

### ***RESULTS***

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. Its financial statements were complete and accurate. We noted certain issues that we communicated to District management. We appreciate the District's commitment to resolve the issues.

### ***RELATED REPORTS***

In addition to the accompanying report titled, *Washington Education System Single Audit Pilot Individual District Report*, we will be issuing a report for the statewide results of the Washington Education System Single Audit Pilot audit. That report is due to be published by July 2002.

### ***CLOSING REMARKS***

We thank District officials and personnel for their assistance and cooperation during the audit.

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# **Description of the District**

## **Aberdeen School District Grays Harbor County September 1, 2000 through August 31, 2001**

### ***ABOUT THE DISTRICT***

The Aberdeen School District's main objective is to provide public school service to nearly 3,800 students in kindergarten through grade 12. The District operates six elementary schools, one middle school, an alternative high school and a high school. The District is a member of the Hoquiam Transportation Cooperative, which provides transportation service for Aberdeen and Hoquiam school districts and is operated by the Hoquiam School District. The District's five-member Board of Directors is the primary policy-making body, exercising budgetary and financial control for the District. The Superintendent, along with staff, administers day-to-day operations of the District and carries out the decisions made by the Board. The District employs 235 certificated and 225 classified staff that, besides providing basic education, provides supplemental programs and learning opportunities for students such as special education, vocational education and food services. The District operates on an approximately \$30 million annual budget.

### ***AUDIT HISTORY***

The District is audited every year. The District has had one audit finding in the previous five years. The 1996-97 report found the District had over claimed reimbursement for free and reduced lunches. The District has addressed and corrected conditions noted by the auditors. This report is free of findings.

District management is committed to strong internal controls and compliance with applicable state laws. The District is responsive to audit recommendations made by our office. Audit concerns are often discussed, addressed and resolved before the completion of the audit.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

#### **Board of Directors:**

Position 1	Frank Moses
Position 2	Rhonda Hutchings
Position 3	Brian Shea
Position 4	Sandra Bielski
Position 5	Robert Stewart

### ***APPOINTED OFFICIALS***

Superintendent

Karen Koshak (audit period through August 2001)

***ADDRESS***

District

216 North G Street  
Aberdeen, WA 98520  
(360) 538-2000

# **Audit Areas Examined**

## **Aberdeen School District Grays Harbor County September 1, 2000 through August 31, 2001**

In keeping with general auditing practices, we do not examine every portion of the Aberdeen School District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### ***LEGAL COMPLIANCE***

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Bid laws
- Ethics/conflict of interest laws and policies
- Petty cash funds
- Bond issues
- Budgeting requirements
- Associated Student Body activity and operations
- Reporting of staff's experience and education (staff mix)
- Student enrollment reporting

### ***INTERNAL CONTROL***

We evaluated the following areas of the District's internal control structure:

- Cash receipting
- Payroll
- Purchase of goods and services

### ***FINANCIAL AREAS***

In addition to the financial-related work listed in other categories, we audited the following areas:

- Revenue and expenditures
- Cash and investments
- Long-term debt
- Overall presentation of the financial statements and accompanying notes

### ***FEDERAL PROGRAMS***

We audited the District's federal programs as part of our Washington Education System Single Audit Pilot project. The results of our audit work are provided in the accompanying report titled, *Washington Education System Single Audit Pilot Individual District Report*.

# **Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards**

**Aberdeen School District  
Grays Harbor County  
September 1, 2000 through August 31, 2001**

Board of Directors  
Aberdeen School District  
Aberdeen, Washington

We have audited the general purpose financial statements of the Aberdeen School District, Grays Harbor County, Washington, as of and for the year ended August 31, 2001, and have issued our report thereon dated July 10, 2002.

As described in our report on the financial statements, our opinion is qualified because the District omitted the general fixed asset account group from its financial statements, which is a departure from generally accepted accounting principles.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## **COMPLIANCE**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our responsibility is to examine, on a test basis, evidence about the District's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

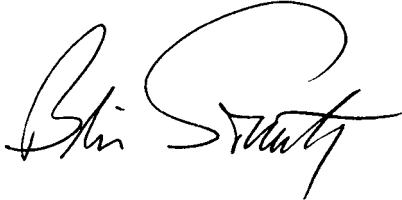
The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a large, stylized loop at the end.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 10, 2002



# **Washington Education System Single Audit Pilot Individual District Report**

## **Aberdeen School District Grays Harbor County September 1, 2000 through August 31, 2001**

Board of Directors  
Aberdeen School District  
Aberdeen, Washington

We have audited the federal programs administered by the Washington Education System for the year ended August 31, 2001. The Washington Education System consists of the Office of Superintendent of Public Instruction (OSPI) and all educational service districts and school districts in the state. However, only those districts that expended \$300,000 or more in federal awards during the fiscal year were included within the scope of our audit.

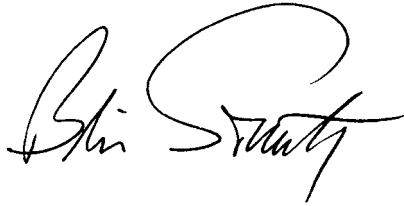
We audited the Washington Education System under the terms of an approved single audit pilot project. Further, we conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

In conducting our audit, we evaluated and tested the internal controls used by the Aberdeen School District and by the Washington Education System to administer its federal programs and tested the District and the education system's compliance with federal laws and regulations. We audited the following programs at the District:

<u>CFDA No.</u>	<u>Program Title</u>
84.010	Title 1 – Grants to Local Educational Agencies
84.048	Vocational Education
84.340	Class Size Reduction

The results of our audit of federal awards will be published in a separate report. The statewide report will include federal findings from all educational service districts, school districts and OSPI. The report will also include our opinion on the education system's schedule of expenditures of federal awards and our opinion on the education system's compliance with federal requirements applicable to its major programs.

This report is intended for the information of District management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large loop at the end of the last name.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 10, 2002

# **Independent Auditor's Report on Financial Statements**

## **Aberdeen School District Grays Harbor County September 1, 2000 through August 31, 2001**

Board of Directors  
Aberdeen School District  
Aberdeen, Washington

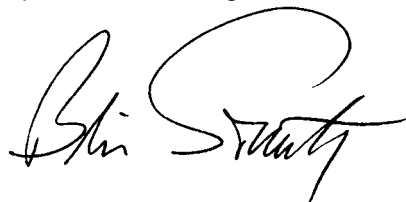
We have audited the accompanying general purpose financial statements of the Aberdeen School District, Grays Harbor County, Washington, as of and for the year ended August 31, 2001. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above do not include the general fixed asset account group, which should be included in order to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed asset account group is not reasonably determinable.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Aberdeen School District as of August 31, 2001, and the results of its operations and the cash flows of its nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 10, 2002

# **General Purpose Financial Statements**

**Aberdeen School District  
Grays Harbor County  
September 1, 2000 through August 31, 2001**

## ***GENERAL PURPOSE FINANCIAL STATEMENTS***

Combined Balance Sheet – All Fund Types and Account Groups – 2001  
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Fund Types  
and Account Groups – 2001  
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and  
Actual – All Governmental Fund Types – 2001  
Combined Statement of Revenues, Expenses and Changes in Fund Balance – All  
Nonexpendable Trust Funds – 2001  
Combined Statement of Cash Flows – All Nonexpendable Trust Funds – 2001  
Notes to Financial Statements – 2001